

Message Text

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21

ORIGIN EB-11

INFO OCT-01 AF-10 EUR-25 ISO-00 SP-03 AID-20 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 IO-14 DODE-00 PM-07 H-03 L-03 PA-04 PRS-01

USIA-15 /196 R

DRAFTED BY TREAS:JDLANGE/EB/IFD/ODF:CKSTOCKER:DLS

APPROVED BY EB/IFD/ODF:REBENEDICK

EUR/IB:JSMITH

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R 281812Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY LISBON

INFO AMCONSUL LOURENCO MARQUES

AMCONSUL LUANDA

C O N F I D E N T I A L STATE 140243

SUBJECT: POSSIBILITY OF WORLD BANK ASSISTANCE TO PORTUGAL

REF: LISBON 02337

1. WE BELIEVE IT IS INAPPROPRIATE TO PROMISE SUPPORT OF WORLD BANK LOANS TO PORTUGAL AT THIS TIME, PARTICULARLY IN THE ABSTRACT. MOREOVER, ALTHOUGH PORTUGAL'S ANNUAL PER CAPITA GNP IS WITHIN THE RANGE OF ELIGIBILITY FOR BANK LOANS, ITS GENERAL ECONOMIC SITUATION DOES NOT WARRANT RECOURSE TO WORLD BANK BORROWING.

2. PORTUGAL HAS LIMITED FOREIGN DEBT AT THIS TIME AND HAS ACCESS TO INTERNATIONAL COMMERCIAL CAPITAL MARKETS. IT IS ALSO A DONOR COUNTRY IN THE DAC. MOST SIGNIFICANTLY, ITS GOLD AND FOREIGN EXCHANGE RESERVES ARE HIGH, AMOUNTING TO ONE YEAR'S IMPORTS, WELL IN EXCESS OF WHAT IS
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NORMALLY CONSIDERED AN ADEQUATE LEVEL OF FOREIGN EX-

CHANGE RESERVES. OF A TOTAL CURRENT FOREIGN EXCHANGE
RESERVE POSITION OF APPROXIMATELY 2,675 DOLS MILLION,
1,176 MILLION DOLS IS IN GOLD, VALUED AT 42.22 DOLS PER
OUNCE, WELL BELOW THE CURRENT MARKET PRICE.

3. WE WOULD NOT WANT TO USE THE IBRD AS A POLITICAL IN-
STRUMENT; AS SUGGESTED BY PROFESSOR NUNES. IN ORDER TO

MAINTAIN THE BROAD BASE OF SUPPORT FOR THE BANK AND ITS
ACTIVITIES, THE BANK MUST NOT APPEAR TO BE SUBJECTED TO
POLITICAL PRESSURE. SISCO

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Message Attributes

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30 JUN 2005

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